

Transcript: Steve Murrell's colleague Q&A 2

Robert Cohen (interviewer)

Hello. After last week's Q&A session with Steve, you said that you wanted more, so we're back. We're going to try and do this little and often so, let's get on with it.

Steve first question comes from Elaine and Elaine wants to know, are we really the worst paid employees in the supermarket world?

Steve Murrells (CEO)

Morning Rob. No, not at all, we spent the last two years rising pay to our colleagues some eight and a half percent in a two-year pay deal. It is true to say however that we want to do more in pay for colleagues and it's certainly an ambition of the Executive and the Board to see colleagues pay rates go up.

Now we know the National living wage will take pay to £9 pounds an hour from 2020. There is a strong ambition however to try and lead in this space. So absolutely I think Elaine's right to raise the question. We've done a lot of good stuff, there's more for us to do and I'll be more pleased than anybody if Co-op's pay can start to lead in this space.

Robert Cohen

The hours question doesn't go away Steve, we've had another question on that from Sarah. Sarah is asking when can our stores have back the hours that have been cut? And what Sarah's getting out here is that we take out those hours for non-essential work but then she says we don't give them back to stock the shelves and staff the tills.

Steve Murrells

So you're right Rob, this came up last week. It clearly is something that's agitating for colleagues and I talked about the Leading the Way program.

I absolutely am in the space where any hours that we take out we want to put back in, but on things that will help colleagues have more time to do their job.

Perhaps we should come back with the answer to this question over course these six months, because I do know that the team are absolutely focused on doing this. But it sounds like we're going to need to kind of evidence it as we go along so leave that one with me. It will stay firmly on my agenda and hopefully I'll be able to share some good progress over these next 12 months with colleagues.

Robert Cohen

Katie from a Food store is asking about work-life balance. She says it feels as if you're penalised sometimes for having a child and asking for some work/home balance is frowned upon and she says: I'm only supposed to be part-time, 16 hours, but I never ever do just those hours it's usually closer to 30 despite my repeated requests to stick to contract hours when my child is still that just a child. So it sounds like we are making Katie work too hard.

Steve Murrells

Well that's not the Co-op way. We're not here to break up family life. That sounds something like I need to go away and ask the team in the support centre to just face into.

You know, as a father of three with two children with learning difficulties I know how important family life is, so leave that one with me. Absolutely we shouldn't be causing that feeling for Katie in terms of her home life.

Robert Cohen

Anne has a question about local causes. Will the application criteria be widened for the local 1% cause? She says although it's a great scheme, due to the, what she says are, severe restrictions on applying, a large proportion of local groups where Anne lives can't apply.

Steve Murrells

Great question. One of the things we did on the second round was to slightly widen the criteria. So in the first round we insisted that you had to have charity status. Second time round we're saying that's not a pre-requisite, but there needs to be some level of robust governance. The reason why that's important is that we don't want member's money going into other people's pockets without checking and making sure that it's what it said that is.

Rufus Olins and his team are working this area quite hard, again, I'll talk to the team about it but that's the main reason we want to protect people's, members money but I do recognise the need that we need to make it easier for smaller groups to benefit from the one percent.

Robert Cohen

Stu is asking, if the Co-op is committed to fairness, will you be leading the Executive to ensure that all our colleagues across our businesses get a fair pay award this year?

Steve Murrells

So each year the pay conversation is done in consultation with the unions. Funerals have just agreed with the unions a two percent annual pay review for colleagues in that area, there are equal conversations going on in all of the other parts of our business and, you know, again if this is going to be a great place to work in the future then we need to strike the balance between a good and fair pay incentive as well as actually working the business harder. The better we are the more successful we are, the more pay that we can pass back down to our colleagues.

The Group Exec have had their pay frozen for the last three years, the Enterprise leaders had their pay frozen last year, so we're actually trying to get colleagues, pay colleagues on the front lines pay, closer and moving in a northerly direction where the Executive team keep on the status quo.

Robert Cohen

Martin, so, Steve it's great that we are investing in our digital capability to offer more and better services to members, but when should we expect to see all this big investment turn a profit?

Steve Murrells

So a lot of what the digital team are doing is enabling the business units to become more profitable so you won't necessarily see the value that they add. But one example would be the scheduling program that takes place in our funerals business, where because of the work that the Digital team are doing shoulder to shoulder with the Funeral team, they're digitising the process taking costs out and as it gets rolled out this year will effectively save the funeral business team around about £3 million pounds a year.

So you'll see the value that they add coming through in that way, similarly again Mike's team made good progress with Matt Howells' wills and probates. So that's where the value will come through and equally the Digital team have got their arms around E-store, again the value that they add in that department will start to come through. So it won't necessarily be clear as a business unit, it will be one through enabling the businesses to be more profitable.

Robert Cohen

Finally a question from Eram via the Internet, I'd like to know why are there delays in the Insurance new operating model project and the new IBM platform being in place, why are there delays and what's it costing us?

Steve Murrells

Well first to say is that it's not costing us anything and second thing would be to say that the team are as frustrated that we're not moving at pace as much as we would like. IT programs are notoriously complicated and can be slow. I know Mark's very much facing into it but to reassure everybody there isn't a bill that's kind of accumulating here. Because of the contract that was signed with IBM the delay is very much sat within the IBM team rather than within the Co-op team.

Robert Cohen

That's all we've got time for for the moment Steve, we're going to do this, we're going to keep doing this, we will ask for you to send in more questions and we'll sit down and Steve and we'll get some more answers for you.

But for the moment thank you very much Steve, and thanks for your questions.